

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts  
D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please specify all the requirements Verizon imposes for a carrier to use its  
1-1 own platform for OS/DA (or a third party's), including any required payments.

**REPLY:** Verizon MA objects to this request on the grounds that the request seeks information that is immaterial, irrelevant and not reasonably calculated to lead to the discovery of admissible evidence in that the information requested is not related to the costs avoided or appropriate discounts to be applied when Verizon MA provides its services for resale.

Notwithstanding its objection, Verizon MA responds as follows:

Customized Routing Service is an optional service that routes directory assistance and operator assistance calls (Local 0+ and Local 0-) to an Operator Services/Directory Assistance ("OS/DA") Platform other than Verizon MA's OS/DA Platform. For Verizon MA to provision Customized Routing, the Reseller must provide routing instructions, define traffic design requirements and have the appropriate dedicated trunking facilities, Feature Group D trunks with Modified Operator Signaling, for each central office switch.

The following information concerning the option is contained on the Verizon wholesale web site,

[www.bellatlantic.com/wholesale/html/handbooks/resale/volume\\_3/r3s2\\_10.htm](http://www.bellatlantic.com/wholesale/html/handbooks/resale/volume_3/r3s2_10.htm)

### **Product Description**

Customized Routing Service is based on Class of Service routing technology. Specific Line Class Codes will be developed for each Reseller by state, with availability in all areas in the Verizon-North region (i.e., New York and New England). Customized Routing Service is an optional service for Resellers end user calls placed to Operator Services and Directory Assistance (OS/DA):

- 411
- 555-1212
- NPA 555-1212
- Local 0+ (zero plus)
- Local 0- (zero minus)

If a Reseller chooses not to subscribe to this service, the Resale of a Verizon access line provides Operator Service and Directory Assistance as basic components, including the standard offering with the Verizon Brand.

**REPLY:SSI**  
**1-1**

The Reseller will choose one of the following options at the state level:

(cont'd)

- Customized Routing Service
- Verizon Brand
- Combination: Customized Routing and Verizon Brand

If the Combination option is requested, the Reseller must choose, at the subaccount level, which service will apply on all lines associated with that subaccount.

### **Regulations**

1. Customized Routing Service will route calls over Feature Group D trunks with Modified

Operator Signaling (MOS).

2. This service will be available in digital central office switches. It will not be available in 1AESS central office switches.

3. Prior to provisioning Customized Routing on individual resold lines, the Reseller must:

- Provide routing instructions for each central office switch.
- Define traffic design requirements.
- Have the appropriate dedicated trunking facilities.

4. If the Reseller does not have the appropriate trunking facilities, the Reseller must follow the NDR (Network Design Request) and/or the ASR (Access Service Request) process.

5. Service is provisioned on each end user access line.

6. Based on the Reseller's choice at the state level, a Reseller may choose to install Customized Routing on all end user lines (at the subaccount BTN level) or combine this service with the Verizon Brand or Announcement Service.

### **Rates and Charges**

- There are non-recurring and recurring charges for Customized Routing.
- Tariff Service Order Charges apply to subaccounts on conversion orders from retail to resale, and to convert existing resale accounts to Customized Routing.
- Customized Routing Service is available under an Individual Case Basis (ICB) contract. The contract may be negotiated by contacting your Verizon Account Manager.
- The Wholesale discount without OS/DA will apply to all lines, features and usage in the following states: CT, MA, NY and RI. In ME, NH and VT, the wholesale discount without OS/DA will apply to the line charge only, and not to usage and features.

### **Non-recurring Charges**

- Service Development Charge applies per Reseller.
- The service development charge is applied per equipped central office (Rate Center) switch and applies per switch (Rate Center) where Customized Routing is to be implemented.
- Change Charge applies if a Reseller changes the routing option.

- Non-recurring charges will be billed on the Reseller's Administrative Bill in the "Other Charges and Credits" section.

#### **Recurring Charges**

- An access line charge will be billed monthly per resold access line on the Reseller's bill by sub-account.
- The rate is an interim rate and may be changed by the State Commissions.

#### **Negotiation Procedure to Establish Customized Routing Service**

7. Contact your Verizon Account Manager.
8. Request the Reseller Operator Services/Directory Assistance Form electronically.
9. Complete the Reseller Operator Services/Directory Assistance Request Form.
10. The Account Manager will provide the Reseller with Reseller-specific Line Class Codes.
11. To ensure proper implementation of your OS/DA request, provide as much information as possible.
12. Return the completed form to your Account Manager electronically

For additional information, see tariff DTE MA No 14, Section 10.8.3.

**REPLY:SSI**

**1-1**

(cont'd)

VZ # 1

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide a copy of the avoided cost study Verizon provided in the  
1-2 Consolidated Arbitrations docket.

**REPLY:** Please see the attached original study filed in the *Consolidated Arbitrations*  
proceeding on December 17, 1996, as well as the study submitted in the  
Compliance Filing on September 27, 1996.

VZ # 2

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please explain how Verizon chooses which specific functions/expenses it  
1-3 avoids in reselling telecommunications services. This response should  
address *inter alia*, how Verizon determines that costs of a certain function  
vary with the number of lines.

**REPLY:** All function codes were examined in light of their individual descriptions. In determining whether a direct or indirect expense/function is avoided, Verizon MA considered the activities and functions involved in the business. For direct expenses/functions, that determination includes assessing whether the activity involves functions that are generally performed for a single subscriber (or small group of subscribers) at a time, rather than on a larger scale. For indirect expenses/functions, that determination includes assessing first whether the activity/function directly supports an avoided function, and then whether the amount of that activity/function bears any causal relationship to changes in the amount of the avoided function.

VZ # 3

**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- (a) Please provide the ARMIS reports referred to on page 4 of Mr.  
4 Minion's testimony.

(b) Please explain what review the FCC gives to such reports.

**REPLY:** a) As stated in the testimony, "The study begins with Verizon MA's 1999 functional accounting data that is the underlying detail supporting the ARMIS reports filed with the FCC." The ARMIS reports filed with the FCC are available from the FCC's web site:

<http://www.fcc.gov/ccb/armis/>

b) All of the ARMIS reports are filed annually and are due on April 1 of each year to cover the prior calendar year data. Subsequent submissions correcting previously filed data are to be filed as soon as the correction is identified. Both paper and electronic copies of the reports are filed with the FCC's Accounting Safeguards Division. It is not known what specific reviews are performed by the FCC's Accounting Safeguards Division and other divisions within the FCC on a scheduled or on an ad hoc basis.

VZ # 4

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**



**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Please provide the complete functional accounting data referred to on page 5 of Mr. Minion's testimony.

**REPLY:** The complete functional accounting data relied upon for purposes of the avoided cost study are provided in Tab 5 of Verizon MA's study.

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide all data requested in these information requests for the  
1-6 calendar year 1999, and when available for the calendar year 2000.

**REPLY:** Verizon MA used calendar year 1999 for its avoided cost study, and therefore, the responses to these Information Requests provide data for that year. With respect to 2000 data, the issue of whether Verizon MA must conduct a study using such information is being separately addressed in this case in the context of the Motion of ServiSense.com, Inc and Essential.com, Inc.'s to Require Verizon MA's Use of Current Data in its Initial Avoided Cost Study.

**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1  
**DATED:** February, 23, 2001  
**ITEM:** SSI Please provide a detailed breakdown of total revenues, by source and/or  
1-7 service type, as referred to at line 4, page 4 of Mr. Minion's testimony.  
**REPLY:** Please see Tab 9 of the filed Avoided Cost Study.

VZ # 7

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide all supporting data for the "regulated" percent shown on 1-9 Tab 5, column F. Please explain any calculations of those percentages.

**REPLY:** The "regulated" percent shown on Tab 5, Column F is determined by the Cost Accounting District within Verizon by taking the "regulated" dollars divided by the total dollars. The regulated dollars are determined in accordance with the Company's Cost Allocation Manual ("CAM") filed with the FCC in compliance with Part 64 rules of the Code of Federal Regulations ("CFR") Title 47.

Due to the voluminous nature of Verizon's 1999 CAM, Verizon will provide a copy (Attachment A) to the Department only. A copy will be made available to

the parties at Verizon MA's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time. The information contained in Attachment A serves as part of the basis for Verizon's filed ARMIS 43-03 reports. Pursuant to orders in FCC Docket No. 86-111, an independent auditor (PriceWaterhouse/Coopers) has audited the year-end 1999 results. A copy of that report is provided as Attachment B.

VZ # 9

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Please explain why Account 6512 expenses are negative in column F and 10 exceed 100% in Column J of Tab 5.

**REPLY:** As explained in Verizon MA's Reply to SSI 1-9, the values in Column F of Tab 5 are determined in accordance with Part 64 rules. As explained in Verizon MA's Reply to SSI 1-11, the values in Column J of Tab 5 are determined in accordance with Part 36 rules.

Specifically, Account 6512 (Provisioning Expense) is driven by the disbursement of materials and supplies. Account 6512 acts as a clearing account, reflecting credits for amounts transferred to construction and/or to plant specific operations expenses as well as inventory adjustments. Since the account reflects an amalgamation of accruals, disbursements, charges, credits and adjustments, the results will vary month over month. Annual results could be positive or negative reflecting the sum of the monthly activity in this account.

VZ # 10

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Please explain in detail how the intrastate separations factors were  
11 developed.

**REPLY:** The intrastate separations factors shown on Tab 5, Column J are determined by the Cost Accounting District within Verizon by taking 1 minus the interstate percentage where the interstate percentage has been determined by taking the interstate dollars divided by the total dollars. The interstate dollars are determined in compliance with Part 36 rules of the Code of Federal Regulations ("CFR") Title 47. This information serves as part of the basis for Verizon's filed ARMIS 43-04 reports.

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Is it Verizon's position that resellers need not make E911 or Disabilities  
12 Access available to customers? Please explain.

**REPLY:** Verizon MA provides non-discriminatory access to E-911 to companies that resell Verizon MA's retail service in compliance with the Telecommunications Act of 1996 and subject to the applicable requirements set forth in Massachusetts General Laws, Chapter 166, Section 14A (E911) and Section 15E (disabilities access). As stated on page 5 of Mr. Minion's direct testimony, "intrastate expenses by function code were adjusted to remove the expenses associated with E911 and Disabilities Access" from the avoided cost study "because the rates and charges that, by statute, support these services are not subject to the resale discount."



VZ # 12

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide a detailed explanation and all supporting data relating to the  
1-13 avoided expense %s shown in Tab 6. Please specify all assumptions made  
in such calculation.

**REPLY:** Please see Verizon MA's Reply to SSI 1-3. Moreover, within any given  
account (*e.g.*, Account 6623 - Customer Services), function codes that are  
considered support function codes are avoided at the same percentage as the  
total of the functions that are being supported.

With respect to specific accounts:

Product Management. These can be considered to fall into two major categories. One is associated with products and services, and the other one is associated with markets or sub-segments of a market. Products and services need to be managed throughout their life cycle, and they will not be avoided. Although product management costs associated with markets serve specific sub-segments or market niches they still need to be managed and it is likely that many of those costs would not be avoided. Because they could be construed as being dependent upon individual customers, Verizon MA considered all of the marketing-type product management costs to be avoided. This is a conservative approach to the extent that there are some market-related product management costs that would not be avoided, but Verizon MA could not identify these finely enough with the data that was available.

Sales. This includes the costs that are directly incurred to support selling to an end user a product or service, and all of these are treated as avoided costs.

-2-

Product Advertising. These costs are not avoided. Because Verizon MA is considered to be in a dual retail/wholesale mode, irrespective of how many end users take their services from a reseller, the amount of product advertising expense incurred by Verizon MA will not change at all. Moreover, assuming that the resale discount is properly computed, Verizon MA would be financially indifferent between, for example, selling an optional plan to an end user or selling it to a reseller. Therefore, the amount of advertising to stimulate sales is not affected whether there is resale, and there are no product advertising costs that the Verizon MA would avoid in providing the service via a reseller.

**REPLY:** Customer Services. The primary functions within customer services are processing orders, handling inquiries, and accounting and billing functions. **SSI 1-13** Costs for these functions are avoided, except for the costs that are incurred in (cont'd) connection with interexchange carriers or carriers in general. Those service-center costs are not avoided.

Testing. One of the requirements of the reseller is that the reseller will take the initial trouble report from a customer who is experiencing trouble. This initial activity of taking the trouble report, initiating the test, and entering it into the appropriate operations support system are responsibilities that are captured by a function code that Verizon MA can identify. Because the reseller is responsible for all of those activities, those costs are avoided.

Call Completion, Number Services and Operator Systems. These costs are avoided only if the reseller does not use the Verizon MA operator-services/directory-assistance platform. If they are not using Verizon MA's operator services, then Verizon MA will not incur the expenses and will also not receive the revenues. Therefore, the difference between the expenses and revenues becomes the relevant measure to be included in the avoided costs.

General-purpose computer. These include expenses in workstations as well as the mainframe, midrange servers, distributed processors; items necessary to run the network. To the extent that this account includes the workstations and Verizon MA will avoid certain personnel-related costs, *e.g.*, customer services, the workstations associated with those employees are avoided as well.

Executive. These costs are incurred for the overall oversight of an organization. The costs are avoided to the same extent as the organizations that they are supporting. For example, if there is an executive cost incurred to support customer services, the percentage of customer services that is avoided is the same percentage used for avoiding the customer

services component of the executive category.

General and Administrative. These are miscellaneous costs, such as sickness and disability payments. To the extent that there are costs that are avoided elsewhere within the study, these general and administrative costs that vary with the amount of people or that are directly associated with the people will be avoided to the same extent.

All Other Accounts. Regardless of how many end users are reasonably considered to take their services from a reseller rather than Verizon MA, the amount of these expenses incurred by Verizon MA will not change at all as a result of resale. Therefore, those expenses are not considered avoided.

**REPLY:**  
**SSI 1-13**

**(cont'd)**

VZ # 13

**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1-14 Provide all memoranda, correspondence or other documents that support the assertion that 0% of advertising costs are avoided and the full proportionate share should be borne by resellers.

**REPLY:** No such memoranda, correspondence or other documents exist.

VZ # 14

**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please explain in detail how Verizon determines whether indirect function  
1-15 expenses vary proportionately with avoided direct expenses.

**REPLY:** The determination whether an indirect expense/function varies proportionately with avoided direct expenses was based on a review of the function code description documentation and analysis of the activities and functions involved in the business. See Verizon MA's Replies to SSI 1-3.

VZ # 15

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:**

ServiSense.com, Inc's, Set #1

**DATED:**

February, 23, 2001

**ITEM:** SSI Please provide a 5 year history of indirect expenses at the functional level,  
1-16 presented in a manner consistent with the data provided in the avoided cost  
study

**REPLY:** A five-year history of indirect expenses at the function code level is attached.

VZ # 16

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**



**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Referring to page 8 of Mr. Minion's testimony, please provide avoided  
1-17 cost discount percentages as in Tab 4, using the described method number  
2.

**REPLY:** Verizon MA objects to this request on the grounds that in that it would require a burdensome and time-consuming special study that would not yield any additional meaningful information. As explained at page 8 of Mr. Minion's direct testimony, method number 2 will yield the same result as the methodology actually employed. Moreover, as also explained at page 8 of that direct testimony, to perform the study as requested would require a forecast of the number of units to be provided via resellers.

VZ # 17

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide a full description of each of the revenue accounts or sub-1-18 accounts identified in Tab 9, including those referenced in the footnotes. A level of detail beyond that provided on page 19 of Mr. Minion's testimony is requested.

**REPLY:** Due to the voluminous nature of the data, Verizon MA will provide a copy to the Department only. A copy will be made available for inspection by the parties at Verizon MA's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Referring to Minion Testimony, page 12, for each of "Toll Message 1-19 Operations" and "Service Order/Accounts Master File Operations", please explain to whom messages are sent in each of the cases of retail and resale operations.

**REPLY:** Messages refer to a measurement unit of telephone service usage, not to communications from one party to another. "Toll Message Operations" receives and transmits a particular customer's usage information to the appropriate operations support systems for processing. "Service Order/Accounts Master File Operations" is not involved in handling a particular customer's usage information. This group makes sure that the information concerning a customer's account and line are continually correct on the customer record, whether a service order has been issued or not.

VZ # 19

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please identify what line or lines in the Cost Study reflect the Customer 1-20 Accounting Account and Service Center Functions, discussed at Minion Testimony, pages 12 and 14-15, respectively.

**REPLY:** Customer Accounting and Service Center functions are performed within the USOA 6623 account. Please see Line 6 in Tab 4, Lines 678-811 in Tabs 5 and 6, and Line 8 in Tab 7 in the Cost Study.

VZ # 20

**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Regarding Minion Testimony, page 15, to whom are the referenced toll 1-21 messages sent? Are any of the costs of this function deemed avoided?

**REPLY:** Please see Verizon MA's Reply to SSI 1-19. Message investigation functions relate to correcting errors on a message record that may fall out of the automatic system. It also includes maintaining the system to ensure it runs

properly and messages do not "fall out" as unbillable. Although the function "Message Investigation" as referred to on Page 15 of the direct testimony is not avoided, the costs are not discretely identifiable. As a result, the Service Center expenses for these activities have not been adjusted in the Cost Study, which effectively avoids 100% of these functions. This is the identical situation described in Mr. Minion's direct testimony at pages 12 -13 relative to Customer Accounting expenses. Moreover, the conservative approach used here also results in an over-avoidance of expenses that would artificial increase the resale discount.

VZ # 21

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Does Verizon impose any charges on resellers for Subscriber Line  
22 Testing and Interoffice Testing?

**REPLY:** No explicit charges are imposed on resellers for Subscriber Line Testing and  
Interoffice Testing.

VZ # 22

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI For all indirect expenses that are deemed to be fixed, please provide a  
1-23 detailed explanation of why they "do not vary based on the level or the  
existence of retail output".

**REPLY:** Retail output is not the cost driver for the indirect expenses that are deemed to be fixed. The existence of customers, classes of customers or lines of business and the performance of current activities are the principal drivers. Since Verizon MA is necessarily considered to be operating in a dual retail/wholesale mode, customers in their entirety do not cease to exist, all classes of customers will remain, all lines of business will remain and all current activities will continue to be performed. As a result, expenses for which these items represent the principal cost drivers will not change due to resale. Except for those indirect expenses that Verizon MA has considered avoided, all other indirect expenses are not impacted by virtue of an end user subscribing to services via a reseller rather than Verizon MA.



**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion  
**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Please provide a breakdown of the total number of Verizon's  
24 Massachusetts retail lines between business and residential.

**REPLY:** Please see Tab 8 of the Cost Study.

VZ # 24

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Does Verizon conduct or maintain any internal allocation (for any purpose, 1-25 e.g. budgeting, informational, etc.) of costs between retail and wholesale operations? If so, please provide that allocation and all supporting documents. If not, please explain why not.

**REPLY:** Costs directly incurred in support of either retail or wholesale operations are driven directly to the appropriate operations. Costs that are shared between retail and wholesale operations are driven on the basis of the relative benefit of the activity on a specific job-by-job, project-by-project, or function-by-function basis. To gather the requested data would require an extensive, time-consuming, burdensome special study of all activity done in 1999 by centralized organizations within Verizon. The Company will continue to look for other allocations that may have been done for other purposes, and it will supplement this response if any are found.

VZ # 25

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Does Verizon make any differentiation of products between those only 1-26 available for the retail market and those only available for the wholesale market? If not, why not? If so, please explain how such differentiation is reflected in the cost study.

**REPLY:** Please see Section 5.1.2 of Verizon MA's tariff DTE MA No. 14. Also, as shown in Section 8 of DTE MA No. 14, there are several services that are offered to resellers but are not offered on a retail basis. As explained in Verizon MA's Reply to SSI 1-35, the revenues associated with these services are removed from the study when calculating the discount.

VZ # 26

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI State the total number of employees, some or all of the costs of which are 1-27 included in main accounts 6712, 6721, 6722 through 6726 and 6728, and the number of such employees who do not support the wholesale operations.

For those employees who do not support the wholesale operations, specify the function code costs relating to such employees. With respect to employees who are deemed to support the wholesale operations, describe in reasonable detail the nature of such support

**REPLY:** Following are the number of employees in 1999 in Verizon East (*i.e.*, former Bell Atlantic Region) whose job function codes get mapped to accounts 6712, 6721, 6722 through 6726 and 6728:

ACCOUNT QTY

6712 38

6721 1442

6722 798

6723 1038

6724 823

6725 69

6726 12

6728 701

It is not possible to subdivide these support personnel into wholesale versus retail support personnel. The expenses associated with these personnel are generally incurred within a central support organization within Verizon East and distributed to Verizon MA and the other operating divisions on the basis of generic or specific projects worked during the year.

VZ # 27

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI State with the greatest degree of specificity possible (estimate if necessary) 1-28 the percentage of total advertising costs that are purely wholesale advertising or industry-wide advertising that stimulates demand for the telecommunications product category (as opposed to stimulating demand specifically for Verizon products).

**REPLY:** Verizon MA believes that advertising designed for Verizon's retail products (*e.g.*, Call Waiting or Second Lines) will stimulate end-user demand even if those products are sold by Resellers. Based on the most recent data (1999), Verizon's Product Advertising costs directed to other telecommunications carriers rather than to retail end-users (for items such as Billing and Collection services and high-speed interoffice data communications networks) are approximately one percent of total product advertising costs. Moreover, for the same period, there was no industry-wide advertising for the telecommunications product category as a whole.

**Verizon New England Inc.**

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**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- How does Verizon include depreciation and cost of money in this  
29 avoided cost study?

**REPLY:** Depreciation and Cost of Money do not represent costs that the Verizon MA avoids when services to end users are provided by resellers rather than by Verizon MA. As a result, they are not included in the avoided cost study.

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide the number of resold lines in Massachusetts, Rhode Island, 1-30 New York and Pennsylvania for each of the years 1996 through 2000, disaggregated into business and residential lines and by absolute number and a percentage of total Verizon lines.

**REPLY:** Verizon MA objects to this request on the grounds that it seeks information relating to jurisdictions other than Massachusetts that is irrelevant, immaterial and beyond the scope of this proceeding.

The year-end in-service number of resold lines by Residence, Business and Total for Massachusetts for 1996 through 2000 is shown below, along with a percentage of Verizon MA lines.

RESIDENCE			BUSINESS			TOTAL		
						(Including Public)		
Resold	Tot VZ MA	%	Resold	Tot VZ MA	%	Resold	Tot VZ MA	%



1996	0	N/A		7,605	N/A		7,605	N/A	
<b>1997</b>	2,019	2,799,859	0.07%	39,230	1,605,183	2.44%	41,249	4,459,078	0.93%
<b>1998</b>	21,225	2,878,357	0.74%	111,618	1,701,389	6.56%	132,843	4,633,134	2.87%
<b>1999</b>	21,634	2,903,998	0.74%	176,184	1,744,318	10.10%	197,818	4,700,761	4.21%
<b>2000</b>	32,743	2,862,900	1.14%	222,130	1,782,416	12.46%	254,873	4,695,439	5.43%

VZ # 30

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI With respect to Mr. Minion's testimony, page 18, item 3, please specify all  
1-31 non-regulated services the revenues for which were excluded from the cost  
study.

**REPLY:** Mr. Minion's testimony at page **19**, item 3, refers to the following non-  
regulated services:

- Telesure and Telesure Plus

- Inside Wire
- Centrex CO LAN
- Infopath
- 800 Service
- Voice Messaging Service
- CO LAN
- Network Integration
- Other Terminal Equipment Sales
- Public Call Completion and Calling Card
- Local Coin and Coin Business Services
- Inmate
- Per Call Compensation and IXC Commissions
- Protocol Conversion
- Privately Owned Telecommunications Networks
- Operator Information Services
- E911 Database Service
- Fax Messaging Service

VZ # 31

**Verizon New England Inc.**  
**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Please provide Verizon's return on all services offered broken down by 1-32 those offered for resale versus those that are not offered for resale.

**REPLY:** The information requested is not readily available. To calculate the requested information would require time-consuming, burdensome special studies of all retail services.

VZ # 32

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Please rerun the cost study with the following changes:

33

(a) Use calendar year 2000 data

(b) Replace the data on Tab 6, column E with data from Tab 5, Column G.

**REPLY:** a) Complete calendar 2000 data and factors are not yet available. In addition, the issue of whether Verizon MA must conduct a study using such information is being separately addressed in this case in the context of the Motion of ServiSense.com, Inc and Essential.com, Inc.'s to Require Verizon's Use of Current Data in its Initial Avoided Cost Study.

b) Keeping everything else the same, but replacing the data on Tab 6, Column E with data from Tab 5, Column G increases the discount for Resellers using Verizon's operators by 1.93%. Keeping everything else the same, but replacing the data on Tab 6, Column E with data from Tab 5, Column G increases the discount for Resellers not using Verizon's operators by 2.54%. It should be noted, however, that replacing the data as requested would require an examination of the revenue accounts to determine which categories of revenues should be appropriately included in the calculation of the discount.

VZ # 33

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI Does Verizon ever change to which sub-account a given expense is  
1-34 charged, e.g. a sales cost changed to a personnel management cost?

**REPLY:** Every expenditure is assigned a function code in accordance with functional accounting specifications. Function codes will map to USOA accounts and sub-accounts. If an expenditure had been coded incorrectly when processed (*i.e.*, the wrong function code had been associated with the expenditure), then the sub-account to which the expense had been charged may change.

Some expenditures (*e.g.*, labor costs associated with a given individual) have

pre-established job function codes assigned. If a given individual performs work for something out of the normal, the costs can be assigned to a different project or function code on an Exception Time Reporting basis.

VZ # 34

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Confirm that revenues from charges to reseller carriers are not included in  
35 the denominators for discount rate calculations.

**REPLY:** As a follow-up from the February 22, 2001 Technical Session, it was discovered that revenues from charges specific to resellers (such as for Daily Usage File "DUF") appear in Account 5261.91. These should be removed from the calculation of the discount. Correcting for this error increases the discount by 0.01%. The footnote to Tab 9 of the Cost Study should also be corrected. The footnote should read "Excluding Account 5261.9" instead of "Excluding Account 5261.92."

VZ # 35

**Verizon New England Inc.**

**d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-20 (Part B)**

**Respondent:** Louis Minion

**Title:** Manager

**REQUEST:** ServiSense.com, Inc's, Set #1

**DATED:** February, 23, 2001

**ITEM:** SSI 1- Provide copies of all advertising for which costs are deemed not  
36 avoided.

**REPLY:** As explained in Verizon MA's Reply to SSI 1-13, all Product Advertising costs are deemed not avoided. Verizon MA objects to this request on the grounds that the request is unreasonable because of the overly broad scope of the data requested and the burden of compliance. To comply fully with this request, Verizon MA would need to conduct an extensive and time-consuming search of all product advertising, which would include print advertising, television commercials, radio spots, bill inserts, etc. for all products and services advertised in 1999.